

Message Text

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15

ACTION EA-09

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R 180450Z MAR 76

FM AMEMBASSY SEOUL

TO USDOC WASHDC

SECSTATE WASHDC 6093

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMEMBASSY MANILA

AMCONSUL HONG KONG

US DEPT OF TREASURY

UNCLAS SEOUL 2019

MANILA FOR USADB

E.O. 11652: N/A

TAGS: ETRD, BENC, KS

SUBJECT: MAJOR PROJECT - COAL DEVELOPMENT PROJECT

REF: 75 SEOUL 3076 (NOTAL)

FOLLOWING IS UPDATE OF COAL DEVELOPMENT PROJECT.

1. IN THE COURSE OF LOAN NEGOTIATIONS BETWEEN ADB AND ROKG OFFICIALS, THE PROJECT DESCRIPTION CONTAINED REFTEL HAS BEEN CHANGED AS FOLLOWS:

REHABILITATION AND EXPANSION OF THE EXISTING COAL MINE OF (THE GOVERNMENT OWNED) DAI HAN COAL CORPORATION (DHCC). THE PROJECT INCLUDES (A) PROCUREMENT AND INSTALLATION OF REPLACEMENTS FOR OUTDATED MINING EQUIPMENT AND FACILITIES, AND (B) FOREIGN TECHNICAL EXPERTS (CONSULTANTS) TO ASSIST IN PREPARATION OF SPECIFICATIONS FOR EQUIPMENT TO BE PROCURED UNDER THE LOAN, AND ALSO TO REVIEW THE CURRENT OPERATIONS OF DHCC AND TO ASSIST IN THE PREPARATION OF A LONG-RANGE DEVELOPMENT PROGRAM.

2. IMPLEMENTING OFFICE, SHIN SANG-HIE, CHIEF, PLANNING DIVISION,
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DAI HAN COAL CORPORATION: (PLEASE NOTE ADDRESS CHANGE)

SHIN SANG-HIE, CHIEF, PLANNING DIVISION,
DAI HAN COAL CORPORATION,
1-888, YO E DO DONG, YONGDUNGPO KU,
SEOUL, KOREA
CABLE: DAIHAN COALCOP SEOUL
TELEX: K2221, SEOUL

3. FOREIGN EXCHANGE COSTS REDUCED TO DOLLARS 12 MILLION
(FROM DOLLARS 14 MILLION CITED REFTEL. WILL FINANCE IMPORT
OF EQUIPMENT AND FOREIGN CONSULTANT SERVICES. KOREAN ECONOMIC
PLANNING BOARD OFFICIALS AND SHIN INDICATE ROKG HAS RECEIVED
A PRELIMINARY COMMITMENT FROM ADB FOR A DOLLARS 12 MILLION
LOAN AND EXPECTS THAT A LOAN AGREEMENT WILL BE SIGNED BEFORE
THE END OF APRIL, 1976.

4. ADB HAS PROVIDED A SHORT LIST OF FOREIGN CONSULTANT FIRMS
TO DHCC FOR CONSIDERATION AS PREQUALIFIED FIRMS. ONLY ONE US
FIRM (BECHTEL CORPORATION) IS ON SHORT LIST. ONE JAPANESE
FIRM, TWO BRITISH FIRMS, ONE CANADIAN FIRM, ONE WEST-GERMAN FIRM
AND ONE AUSTRALIAN FIRM ARE ALSO ON SHORT LIST. THIS SHORT
LIST WILL BE USED BY DHCC TO ISSUE THE INVITATIONS FOR SUBMI-
SSION OF PROPOSALS AFTER A FORMAL LOAN AGREEMENT SIGNED BETWEEN
ADB AND ROKG.

5. KIM SOON-CHANG, MANAGING DIRECTOR, PRODUCTION DEPARTMENT,
DHCC AND SHIN HAVE STATED THAT ESTIMATED DATE FOR ROKG ISSUE
OF TENDERS FOR EQUIPMENT IS IN LATE 1976 POSSIBLY SEVERAL MONTHS
AFTER SELECTION OF THE FOREIGN CONSULTING FIRM.

6. EMBASSY UNDERSTANDS THAT PROCUREMENT CONTRACTS INVOLVING
EXPENDITURES EQUIVALENT TO DOLLARS 100,000 OR MORE WILL BE
AWARDED ON THE BASIS OF INTERNATIONAL COMPETITIVE BIDDING.
CONTRACTS INVOLVING EXPENDITURES OF LESS THAN THE EQUIVALENT
OF DOLLARS 100,000 WILL BE AWARDED ON THE BASIS OF INTERNATIONAL
SHOPPING. PROCUREMENT UNDER THE SUBJECT PROJECT WILL COMPRISE
MINING EQUIPMENT AND FACILITIES (SEE REFTEL FOR DETAILS).

7. FOR USADB: INASMUCH AS CHOICE OF CONSULTANT IS THE KEY TO
LATER SALES OF FACILITIES, REQUEST YOUR BEST EFFORTS IN SEEKING
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TO ADD AN ADDITIONAL NUMBER OF PREQUALIFIED U.S. FIRMS TO
FUTURE SHORT LISTS PROVIDED BY ADB. EMBASSY CONTACTS WITH DHCC
AND OTHER LOCAL FIRMS ARE EXCELLENT. THEY AND ROKG WOULD WELCOME
ADDITIONAL US VENDORS AS SOURCES OF SUPPLY FOR CAPITAL GOODS.
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Margaret P. Grafeld
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